

Ex-Im Bank Co-financing Instructions

Overview

To facilitate financing with other export credit agencies (ECAs), Ex-Im Bank is actively establishing “One-Stop-Shop” co-financing agreements. “One-Stop-Shop” arrangements allow products and services from two (or more) countries to benefit from a single ECA financing package. Without co-financing, the parties would have to make separate financing arrangements with two (or more) ECAs to ensure support for exports from various countries. The country with the largest share of the sourcing and/or the location of the main contractor will generally determine which ECA leads the transaction.

The lead ECA will provide export credit support for the entire transaction and will coordinate support from the follower ECA behind the scenes. As a result, the lead ECA is able to provide one set of documents, one set of terms and conditions, and one set of disbursement and claims procedures for the entire transaction. The buyer will benefit from the ease of a streamlined financing package and the involvement of the follower ECA should be invisible to the buyer.

Co-financing with other ECAs

In general, Ex-Im Bank is willing to consider co-financing transactions under our loan, guarantee and insurance programs with all ECAs. Automatic consideration is given to those ECAs with which Ex-Im has entered into a bilateral agreement to lead or follow (currently, ECGD of the U.K. and EDC of Canada). For ECAs with no bilateral agreement in place Ex-Im Bank separates the respective countries into two categories by risk level rating. [Please refer to the Ex-Im Bank Country Limitation Schedule on <http://www.exim.gov/country/cntlimit.html> for a listing of country and risk levels]:

- For risk level 1 countries (rated AA or better): Ex-Im Bank staff is willing to consider co-financing transactions on a case-by-case basis;
- For risk level 2 and higher countries: Ex-Im Bank Board must approve ECA eligibility for co-financing (not the specific transaction) before staff will initiate transaction due diligence.

[Note: Ex-Im Bank reserves the right to approve each co-financed transaction on a case-by-case basis.]

Instructions for Loans and Guarantees

Ex-Im Bank as the Lead ECA

Co-financing Letter of Interest

Ex-Im Bank offers a co-financing Letter of Interest (LI) for transactions in which Ex-Im Bank would be the lead ECA (sample attached as **Appendix 2**). The co-financing LI is similar to a regular LI, except that Ex-Im Bank has received a preliminary (usually informal) indication from the follower ECA that it may be interested in pursuing the transaction. Applicants should only apply to Ex-Im Bank for an LI in situations in which Ex-Im Bank would be the lead ECA. For transactions where Ex-Im Bank would be the follower ECA, the applicant should contact the lead ECA directly.

LI applicants need to specify in their cover letters the ECA with which they are requesting co-financing, as well as the portion of the total contract price to be supported by the follower ECA. Since Ex-Im Bank must receive a preliminary indication of interest from the follower ECA, processing time for co-financing LIs will be slightly longer than for a standard LI.

Final/Preliminary Commitment Application (AP or PC)

The applicant should apply to Ex-Im Bank for the entire transaction (the Ex-Im Bank and the co-financed portion) by submitting an application, which must include Attachment H: Ex-Im Co-financing with Foreign Export Credit Agency (available at www.exim.gov/pub/pdf/95-10aph.pdf and attached as **Appendix 1**).

As the lead ECA, Ex-Im Bank will provide its standard cover for the entire transaction under its loan or guarantee program. Behind the scenes, Ex-Im Bank will seek a financial commitment (e.g., reinsurance) from the follower ECA for the value of the exports to be supported by it. Ex-Im Bank will require use of its standard credit and guarantee documentation, appropriately modified. As discussed below, certain Ex-Im Bank policies would not apply to the follower ECA supported portion. In the case of economic impact and environmental reviews, however, Ex-Im Bank will continue to evaluate the entire project to ensure compliance with statutory and policy requirements.

Transaction documentation and disbursement procedures remain substantially the same as standard transactions, except for some obvious changes, such as: including the value and a description of the follower ECA supported goods and services; permitting disbursements for foreign goods and services; and providing for a share of the exposure fee to be paid to the follower ECA. The exporter will also certify in the Exporter's Certificate as to the value of the goods and services to be supported by the follower ECA (attached as **Appendix 3**). A material change to either the U.S. content or to the value of the goods and services to be supported by the follower ECA will require submission of an amended Exporter's Certificate (which in some instances may require an amendment to the transaction documentation and the underlying obligation from the follower ECA). For direct loans and long-term guarantees, the requirement to ship on ocean vessels of U.S. registry, [unless a waiver from the U.S. Maritime Administration (MARAD) is obtained] will continue to apply to the U.S. goods, but not to the follower ECA supported goods.

Ex-Im Bank as the Follower ECA

As the follower ECA, Ex-Im Bank will provide a financial commitment to the lead ECA for the U.S. portion. Prior to Ex-Im Bank approval of the transaction, the U.S. exporter will be required to complete and submit a Co-financing Certificate to Ex-Im Bank which will provide U.S. content information and confirm compliance with statutory and policy requirements (attached as **Appendix 4**). The lead ECA will be responsible for documenting the transaction and administering disbursements using its standard procedures. Ex-Im Bank will generally not receive disbursement documents. The only exception is for long-term transactions (e.g., over \$10MM or over 7 years), in which case the U.S. exporter must submit ocean bills of lading (and MARAD waivers, as applicable) to Ex-Im Bank to ensure that each ocean shipment was transported on vessels of U.S. registry or a MARAD waiver was obtained. The U.S. exporter will be required to submit a revised Co-financing Certificate to Ex-Im Bank if there are material changes to U.S. content or to the other certifications. Ex-Im Bank may seek to renegotiate the terms of our obligation to the lead ECA if the U.S. exporter reports a material change in U.S. content.

Instructions for Insurance

Please contact the Insurance Division directly for co-financing transactions involving insurance. Insurance instructions are currently being updated and will be available in the near future.

Contact Information

For information on the co-financing agreements and ECA relations, call the Policy and Planning Division at 202.565.3760. For information on co-financing transactions and case-specific inquiries, call Structured and Trade Finance Group at 202.565.3418 or Insurance at 202.565.3409. [Note: Please refer to the Ex-Im Bank website for **Program Requirements**].

Appendices

1. Ex-Im Bank Application: Attachment H: Co-financing with Foreign Export Credit Agency
2. Sample Ex-Im Bank Co-financing Letter of Interest and Term Sheet
3. Ex-Im Bank Exporter's Certificate, modified for co-financing (for use when Ex-Im Bank leads)
4. Ex-Im Bank Cover Letter and Co-financing Certificate (for use when Ex-Im Bank follows)